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REF: NPRM 145

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PART 145 REVIEW: REPAIR STATIONS.

E-MAIL: 9-NPRM-CMTS@faa.gov

FROM: AIRMARK INTERNATIONAL REPAIR

1771 RAILROAD ST.

CORONA, CA. 92880

PH# (909) 272-5858

RICHARD NEELY - VICE PRESIDENT.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO SUBMIT THE FOLLOWING

COMMENTS RELATING TO THE PROPOSED CHANGES TO PART 145, REPAIR STATION
REGULATION AND OPERATIONAL CRITERIA.

IN AN OVERALL AND GENERAL ASSESSMENT OF THE PROPOSED CHANGES,

WE FEEL THAT ADDITIONAL STAFF WOULD HAVE TO BE HIRED TO MAINTAIN THE
QUALITY CONTROL, STAFF CHANGE DOCUMENTATION AND NOTIFICATION TO THE F.A.A.
F.S.D.O., VENDOR QUALITY CONTROL

GUIDANCE, CONTROL AND ENFORCEMENT WOULD SUBSTANTIALLY INCREASE THE COST OF
OPERATION. IN-HOUSE TRAINING OF EMPLOYEES, STAFFING, TRAINING EQUIPMENT,
FACILITIES AND RECURRENCY TRAINING WOULD ADD ADDITIONAL COST TO OPERATIONS.

ADDITIONAL COSTS AND LABOR WOULD BE REQUIRED TO REWRITE THE

REPAIR STATION MANUAL AND UP-DATE CHANGES.

18 MONTHS OF PREVIOUS EXPERIENCE FOR A SUPERVISOR OF INSPECTOR WOULD BE
REQUIRED FOR ANY NEW PRODUCT CAPABILITY ADDED TO THE REPAIR STATION WOULD
REQUIRE ADDITIONAL STAFF HIRING.

SMALLER REPAIR STATIONS, I BELIEVE, WOULD HAVE A DIFFICULT TIME

FINDING THE FINANCIAL RESOURCES TO MAINTAIN THE ABOVE REQUIREMENTS IF PUT
INTO PLACE. WHICH MAY EVEN FORCE THEM OUT OF BUSINESS. AS FOR OUR FACILITY,
IT WILL COST MORE TO OPERATE AND THOSE COSTS WILL INVARIABLY BE PASSED ON
THE CUSTOM, WHICH WILL INCREASE THEIR COSTS IN OPERATING THEIR AIRCRAFT.

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I WILL CITE SOME POSSIBLE EXAMPLES:

PROPOSED CHANGE: INITIAL AND ANNUAL RECURRING COST FOR INTERNAL AUDITING AND SURVEILLANCE PROGRAM FOR QUALITY ASSURANCE. IT IS ESTIMATED THAT AT LEAST ONE FULL TIME PERSON WILL BE REQUIRED TO ACCOMPLISH INDEPENDENT INTERNAL AUDITING REQUIRED BY FAR 145 OR J.A.A., FOR EVERY FIFTY DIRECT TECHNICAL EMPLOYEES.

TECHNICAL MAN-HOUR ESTIMATED COST PER FIFTY

EMPLOYEES @ \$79,435.00

STAFF MAN-HOUR ESTIMATED COST \$17, 648.00

TOTAL ANNUAL ESTIMATED INITIAL AND RECURRING COST PER FIFTY

EMPLOYEES : \$ 97,084.00

PROPOSED CHANGE: EXTERNAL ANNUAL ON-SITE ASSESSMENT AND SURVEILLANCE PROGRAM FOR QUALIFYING AND MAINTAINING SUB-CONTRACTORS AND SUPPLIES. THESE ASSESSMENTS RESULT IN AN APPROVED SUB-CONTRACTOR LIST, AN APPROVED SUPPLIER LIST AND THE CONTROL THEREOF BOTH LISTS.

SUB-CONTRACTOR: 1.4 DAYS TRAVEL AND ON-SITE ASSESSMENT WITH TRAVEL/OUT OF POCKET EXPENSES OF \$550.00 FOR EACH SUB-CONTRACTOR, INITIAL AND ANNUAL RECURRING COST.

SUPPLIER: ONE TRAVEL DAY AND ON SITE ASSESSMENT WITH TRAVEL, OUT OF POCKET EXPENSES OF \$147.00 FOR EACH SUPPLIER;

INITIAL AND ANNUAL RECURRING COST.

* STAFF SUPPORT IS ESTIMATED, ON AVERAGE, AT THREE HOURS PER

ANNUM FOR EVERY SUB-CONTRACTOR AND SUPPLIER TO SUPPORT

THE AUDIT ACTIVITIES OF THE INDEPENDENT AUDITOR, TO BRING

ITEMS TO CLOSURE.

ANNUAL COST PER SUB-CONTRACTOR: TECHNICAL MAN-HOUR ESTIMATED COST PLUS OUT OF POCKET COSTS : \$977.00

STAFF MAN-HOUR ESTIMATED COST: \$ 50.00

TOTAL ESTIMATED COST: \$ 1027.00

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ANNUAL COST PER SUPPLIER:

TECHNICAL MAN-HOUR ESTIMATED COST PLUS OUT OF POCKET

COSTS: \$ 452.00

STAFF MAN-HOUR ESTIMATED COST: \$ 50.00

TOTAL ESTIMATED COST: \$ 503.00

ANNUAL RECURRING COST PER TECHNICAL EMPLOYEE IN ORDER

TO COMPLY WITH THE NEW FAR 145 CHANGES IS ESTIMATED

AT \$ 5,269.00.

IF A HYPOTHETICAL CRS HAS A PRODUCTIVITY AND BILLING RATE OF 70% OF PAID HOURS AT \$36.00 PER HOUR, WARRANTY COST OF 2% OF GROSS REVENUE AND A NET PROFIT MARGIN OF 8%; PRODUCES A NET PROFIT OF \$ 87,720.00

THIS HYPOTHETICAL REPAIR STATION WOULD, EVERY YEAR OF COMPLYING WITH THIS RULE, WOULD LOOSE \$ 52,806.00, UNLESS THEY INCREASE TO THE CUSTOMER BY \$ 1.69 TO \$ 37.69 TO MAINTAIN THEIR PROFIT MARGIN AND PROFITABILITY.

THIS REPRESENTS AN APPROXIMATE 5% PERMANENT INCREASE TO THE

CUSTOMERS OF THIS COMPANY, FROM YEAR TWO FORWARD.

THIS FAR 145 REVISION WILL BE AN ONGOING EXPENSIVE MATTER TO EACH INDIVIDUAL REPAIR STATION, NOT ONLY FOR THE ABOVE REFERENCED ISSUES, BUT FOR MANY OTHERS WHICH I DO NOT

HAVE THE TIME TO COMMENT ON AT THIS TIME. MULTIPLY THESE COSTS

TIMES THE LARGE NUMBER OF REPAIR STATIONS THROUGHOUT THE UNITED STATES AND THE ADDED COSTS TO THE CUSTOMER, I WOULD ESTIMATE IT RUNNING INTO THE BILLIONS.

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I HAVE JUST RETURNED FROM THE NATIONAL AVIATION ASSOCIATION CONVENTION IN ATLANTA. IT WAS VERY WELL ATTENDED AND THE CORPORATE AVIATION INDUSTRY SEEMS TO BE ROBUST AND GROWING.

I HAVE PERSONALLY BEEN IN THIS INDUSTRY WHEN IT WAS STRUGGLING TO SURVIVE IN THE 80'S. I WOULD HATE TO SEE AS REGULATORY SITUATION PUT INTO PLACE WHICH WOULD TAKE AWAY FROM THE CURRENT GROWTH. IN MY OPINION, MANY OF THESE PROPOSED CHANGES

WOULD DISRUPT THAT GROWTH.

SINCERELY,

RICHARD NEELY

VICE PRESIDENT

Airmark International
800.420.5349

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